

CAPITALIZE FOR KIDS
FINANCIAL STATEMENTS
DECEMBER 31, 2022

CAPITALIZE FOR KIDS
FINANCIAL STATEMENTS
DECEMBER 31, 2022

INDEX	PAGE
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12

INDEPENDENT AUDITORS' REPORT

To the Members of
Capitalize for Kids

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capitalize for Kids, which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Capitalize for Kids as at December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Capitalize for Kids for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on May 13, 2022.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KRIENS~LAROSE, LLP

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

March 16, 2023
Toronto, Ontario

CAPITALIZE FOR KIDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

Page 4

	2022	2021
	\$	\$ (Note 8)
ASSETS		
CURRENT		
Cash and cash equivalents	815,863	404,287
Accounts receivable (Note 2)	79,753	14,128
Government remittance receivable	8,599	11,879
Prepaid expenses	5,724	5,793
	909,939	436,087
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	214,881	92,107
Due to Capitalize for Kids Foundation (Note 3)	308,855	35,642
	523,736	127,749
NET ASSETS		
Unrestricted net assets	386,203	308,338
	909,939	436,087

APPROVED ON BEHALF OF THE BOARD:

Kmacdonald, Director *JDalhart*, Director

CAPITALIZE FOR KIDS
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$ (Note 8)
REVENUES		
Corporate sponsors	996,800	647,000
Investors Conference	689,745	488,365
Strides Toronto (Note 5)	44,975	-
Gain on foreign exchange	3,001	834
Investment income	2,400	441
Government assistance (Note 4)	-	92,916
	1,736,921	1,229,556
EXPENSES		
Wages and benefits	588,560	505,360
Donation to Capitalize for Kids Foundation (Note 3)	475,000	100,000
Conference expenses	343,774	373,929
Office	82,386	67,999
Legal and Audit	68,619	10,249
Strides Toronto	45,037	-
Event management	24,715	5,114
Processing fees	25,246	19,832
Advertising and promotion	5,005	57
Interest and bank charges	714	388
	1,659,056	1,082,928
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	77,865	146,628
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	308,338	161,710
UNRESTRICTED NET ASSETS, END OF YEAR	386,203	308,338

CAPITALIZE FOR KIDS
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Page 6

	2022	2021
	\$	\$ (Note 8)
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from corporate sponsors	993,975	647,000
Cash receipts from Investors Conference	642,269	510,389
Cash receipts from Government assistance	-	92,916
Cash receipts from other revenue	32,051	21,146
Cash paid to suppliers and employees	(1,259,721)	(1,506,395)
	408,574	(234,944)
CASH FROM FINANCING ACTIVITIES		
Repayment of CEBA loan	-	(40,000)
Foreign exchange gain on cash and cash equivalents held in foreign currency	3,001	834
Change in cash and cash equivalents	411,575	(274,110)
Cash and cash equivalents, beginning of year	404,288	678,398
Cash and cash equivalents, end of year	815,863	404,288

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

Capitalize for Kids ("the Organization") is a not-for-profit organization that was founded with the goal of becoming a permanent and growing source of capital for the Hospital for Sick Children, one of the largest pediatric health-science centers in the world. The Organization also provides funding to the Capitalize for Kids Foundation.

The Organization's main initiative is the Investors Conference which is an investment forum where portfolio managers donate their time to present their best ideas. The Organization earns revenues from tickets sold to investors or other interested individuals who pay money to hear these portfolio managers pitch their ideas, and from sponsorship and/or donations institutions who have committed to support this cause.

The Organization, which is incorporated under the Canada Not for Profits Act, is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Capitalize for Kids Foundation.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term investments in a high-interest savings account with maturities of less than 90 days. Short-term investments are comprised of cash and mutual/segregated funds. Short-term investments are recorded and carried at fair market value.

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Revenue Recognition

The Organization uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are initially deferred and recognized as revenue in the year in which the related expenses are incurred and when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Fees earned from the sale of Investors Conference tickets and sponsorships are recognized when the services have been provided, if the amount can be reasonably estimated and collection is reasonably assured.

Government Assistance

Government assistance are recognized in the statement of operations during the year when there is reasonable assurance that the assistance will be received and that the Organization will comply with the terms of the respective assistance.

Wage Subsidies

Wage subsidies are recognized as revenue in the year the related wages are incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses on these transactions are included in the statement of operations and changes in unrestricted net assets.

Continued...

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Donated Property and Services

During the year voluntary services were provided. Because these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

2. **ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	2022	2021
	\$	\$
Investors Conference	58,775	11,300
Strides Toronto	14,905	-
Other receivables	3,248	2,828
Corporate sponsors	2,825	-
	<hr/>	<hr/>
	79,753	14,128

3. **RELATED PARTY TRANSACTIONS**

The Organization is related to the Capitalize for Kids Foundation ("the Foundation"), which is a registered charity. The Foundation was established to receive and maintain funds and to develop an income stream from these funds. It will disburse funds from time to time to qualified donees within the meaning of the Canadian Income Tax Act. Several officers and directors of the Organization hold similar positions with the Foundation. During the year the Organization pledged to donate \$475,000 (2021: \$100,000) to the Foundation which is shown as an expense in the statement of operations.

Included in liabilities is an amount of \$308,855 (2021: \$35,642) due to Capitalize for Kids Foundation mainly for a grant provided by the Foundation. The Organization provides marketing and fund raising support to the Foundation and recovers a portion of wages and benefits for this service. These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Continued...

4. GOVERNMENT ASSISTANCE

The Organization received Government assistance as follows:

	2022	2021
	\$	\$
Canada Emergency Wage Subsidy (CEWS)	-	92,916

The CEWS served as financial relief for a portion of employee wages. The assistance received is not repayable albeit is subject to audit by the Canada Revenue Agency (CRA). The CEWS was temporary and available from March 15, 2020 to October 23, 2021 to eligible employers.

5. COMMITMENTS

The Organization has an operating lease for its premises that covers the period December 1, 2020 to November 30, 2023. The lease includes monthly operating costs at an estimated rate of \$3,958 plus HST per month. Estimated minimum annual lease payments for the term of the lease and other contractual commitments are as follows:

2023	43,542
------	--------

Effective September 14, 2022, the Organization has entered into a 16-month agreement through December 31, 2023, to provide project management and implementation support for centralized intake to intensive and other core infant, child and youth mental health services in Toronto for a total of \$238,408 (including HST) to be paid to the Organization. The amount of \$44,975 was recognized in 2022 as Strides Toronto revenue in the statement of operations.

Continued...

6. SUBSEQUENT EVENT

On January 25, 2023, the Organization contracted with the Carlu Corporation to host its annual Investors Conference for 2023. The minimum cost will be \$70,000. An 18% event administration fee will also be charged in respect of all food and beverage services.

7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following presents the Organization's risk exposures and concentrations at December 31, 2022.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$nil (2021: \$nil).

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is mainly in respect of its accounts payable and accrued liabilities and due to Capitalize for Kids Foundation. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior period.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization has a low foreign currency risk.

7. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's investments are not subject to interest rate risk in respect of fluctuating interest rates as the majority of their investments are mutual funds. There is a moderate risk of market value adjustments on these investments which may result in cash flow risk. The Organization actively manages the risk by maintaining a balanced investment portfolio.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization has some exposure to this risk in its investment portfolio.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

CAPITALIZE FOR KIDS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

CAPITALIZE FOR KIDS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEX	PAGE
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

INDEPENDENT AUDITORS' REPORT

To the Members off
Capitalize for Kids Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capitalize for Kids Foundation, which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Capitalize for Kids Foundation as at December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Capitalize for Kids Foundation for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on May 13, 2022.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KRIENS~LAROSE, LLP

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

March 16, 2023
Toronto, Ontario

CAPITALIZE FOR KIDS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
	\$	\$ (Note 7)
ASSETS		
CURRENT		
Cash and cash equivalents	3,491,291	3,167,887
Due from Capitalize for Kids (Note 2)	308,855	35,642
Accounts receivable	87,748	85,848
PSB rebate receivable	1,461	6,530
	3,889,355	3,295,907
LIABILITIES		
CURRENT		
Deferred revenue (Note 3)	490,590	514,973
NET ASSETS		
Unrestricted net assets	3,398,765	2,780,934
	3,889,355	3,295,907

APPROVED ON BEHALF OF THE BOARD:

K Macdonald, Director

J Dalhart, Director

CAPITALIZE FOR KIDS FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$ (Note 7)
REVENUES		
Donations (Note 2)	1,274,558	912,346
Bay Street games	159,706	98,955
Grants (Note 3)	24,383	9,017
Gain/(loss) on foreign exchange	21,345	(1,728)
Investment income/(loss)	2,712	(165)
Other	-	70,164
Government assistance (Note 4)	-	42,436
	1,482,704	1,131,025
EXPENSES		
Wages and benefits	428,530	311,792
Donation to Sick Kids Foundation	382,702	500,000
Impact program (Note 5)	39,153	130,569
Audit fees	9,702	-
Collection fees and bank charges	4,786	3,536
	864,873	945,897
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	617,831	185,128
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	2,780,934	2,595,806
UNRESTRICTED NET ASSETS, END OF YEAR	3,398,765	2,780,934

CAPITALIZE FOR KIDS FOUNDATION
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Page 6

	2022	2021
	\$	\$ (Note 7)
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from donations	999,445	1,361,140
Cash receipts from Bay Street games	159,706	98,955
Cash receipts from Government assistance	-	42,436
Cash receipts from other revenue	2,713	69,998
Cash paid to suppliers and employees	(859,805)	(988,582)
	302,059	583,947
Foreign exchange gain/(loss) on cash and cash equivalents held in foreign currency	21,345	(1,728)
Change in cash and cash equivalents	323,404	582,219
Cash and cash equivalents, beginning of year	3,167,887	2,585,668
Cash and cash equivalents, end of year	3,491,291	3,167,887

See accompanying notes to the financial statements

PURPOSE OF THE FOUNDATION

Capitalize for Kids Foundation ("the Foundation"), is a registered charity. It was created to receive and maintain a fund or funds and to apply all or part of the principal and income there from, from time to time, to one or more qualified donees within the meaning of the Income Tax Act (Canada) as amended from time to time. It undertakes activities ancillary and incidental to the attainment of the above charitable purpose.

The Foundation is exempt from income taxes and is able to issue donation receipts for income tax purposes. It was incorporated on June 25, 2015.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, due from Capitalize for Kids and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term investments in a high-interest savings account with maturities of less than 90 days. Short-term investments are comprised of cash and mutual/segregated funds. Short-term investments are recorded and carried at fair market value.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Foundation uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions, arising primarily from grants, are initially deferred and recognized as revenue in the year in which the related expenses are incurred and when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Government Assistance

Government assistance are recognized in the statement of operations during the year when there is reasonable assurance that the assistance will be received and that the Foundation will comply with the terms of the respective assistance.

Wage Subsidies

Wage subsidies are recognized as revenue in the year the related wages are incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses on these transactions are included in the statement of operations and changes in unrestricted net assets.

Donated Property and Services

During the year voluntary services were provided. Because these services are not normally purchased by the Foundation, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Continued...

2. RELATED PARTY TRANSACTIONS

The Foundation is related to Capitalize for Kids, which is a not-for-profit entity devoted to fund raising activities. Several officers and directors of the Foundation hold similar positions within Capitalize for Kids. During the year the Foundation received a \$475,000 (2021: \$100,000) pledge from Capitalize for Kids which is recorded as donation revenue in the statement of operations. Included in assets is an amount of \$308,855 (2021: \$35,642) due from Capitalize for Kids mainly for a grant provided to Capitalize for Kids and allocated wages and benefits. Capitalize for Kids provides marketing and fund raising support to the Foundation and recovers a portion of wages and benefits for this service. These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

3. IMPACT PROGRAM

The Foundation entered into a 3-year services agreement with East Metro Youth Services during 2019 to expand the capacity of mental health services in Toronto. Funding for the agreement in the amount of \$686,472 was received in 2019, which represents the total value of the 3-year agreement. During the year \$24,383 (2021: \$9,017) was recognized as revenue to offset expenses incurred under the project. The balance of funding is recorded in deferred revenue in the amount of \$490,590 (2021: \$514,973). Consequently, \$490,590 of the cash balance is restricted to be used only for expenses relating to the East Metro Youth Services project. East Metro Youth Services is now called Strides.

The above project is one of several projects the Foundation is undertaking under its Impact program. The program was designed to allow the Foundation to work with different mental health agencies to identify business opportunities to increase the capacity of their existing services. The Foundation partners with for profit companies to design solutions and then fund the required changes to an agency's operations.

4. GOVERNMENT ASSISTANCE

The Foundation received Government assistance as follows:

	2022	2021
	\$	\$
Canada Emergency Wage Subsidy (CEWS)	-	42,436

The CEWS served as financial relief for a portion of employee wages. The assistance received is not repayable albeit is subject to audit by the Canada Revenue Agency (CRA). The CEWS was temporary and available from March 15, 2020 to October 23, 2021 to eligible employers.

5. COMMITMENTS

Effective September 26, 2022, the Foundation entered into a 3-year agreement to implement a policy management platform. The Foundation has committed to pay \$20,647 (net of sales tax), of which \$8,317 was recognized in 2022 as impact program expenses in the statement of operations.

6. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following presents the Foundation's risk exposures and concentrations at December 31, 2022.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation's credit risk would occur with their accounts receivable and due from Capitalize for Kids. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$nil (2021: \$nil).

Continued...

6. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk as it depends on donations for its operations. In order to reduce its liquidity risk, the Foundation seeks to continue to receive donations on an annual basis, manage its cash flow, and set aside funds to fulfill its obligations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign currency risk with respect to its cash denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar. In 2022, the Canadian dollar equivalent of cash balance denominated in US dollars was \$339,232 (2021: \$279,312).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's investments are not subject to interest rate risk in respect of fluctuating interest rates as the majority of their investments are mutual funds. There is a moderate risk of market value adjustments on these investments which may result in cash flow risk. The Foundation actively manages the risk by maintaining a balanced investment portfolio.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation has some exposure to this risk in its investment portfolio.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.